

Congress of the United States
Washington, DC 20515

May 17, 2006

The Honorable Joe Barton
Chairman
House Energy & Commerce Committee
2125 Rayburn HOB
Washington, DC 20515

Dear Chairman Barton:

The Committee has recently initiated an investigation into the causes of rising gasoline prices. We believe an investigation into this matter is essential.

We are writing to request that as part of this investigation the Committee immediately schedule a hearing with the chief executive officers of the major oil companies. As you may know, many members of Congress have been asking for such a hearing since last year.

We also believe the Committee should examine several key questions. The Committee should seek to understand the reason for exorbitant retail gasoline prices, the basis for the skyrocketing profits currently being reaped by the oil companies, the companies' decisions and investment plans regarding refinery capacity, as well as the companies' supply allocation, reserve level and pricing policies for petroleum products. We should also examine what role executive compensation plays in gasoline prices and oil company profits.

To answer these questions, there are documents that we believe the Committee should obtain, by subpoena if necessary. We cannot examine the extent to which gasoline prices are excessive without having access to the oil companies pricing policies and data detailing their wholesale costs and retail prices. We cannot know whether oil companies have restricted refinery capacity, limited regional reserves, or allocated product to boost profits without having access to internal company discussions. And we cannot address what role executive compensation may play without having access to documents from the companies' executive compensation committees.

For this reason, we request that the Committee obtain the following documents and information from the six major oil companies, ExxonMobil, BP, Royal Dutch Shell, ChevronTexaco, ConocoPhillips, and Marathon:

- (1) For the period from August 2005 to the present, a weekly breakdown of gasoline production and delivery costs for each company, including the costs incurred by each company to (a) produce or obtain oil, (b) transport oil to refineries, (3) refine oil into gasoline, (4) transport gasoline to service stations, and (5) dispense gasoline to consumers.

- (2) Internal company communications discussing, recommending, or otherwise relating to how gasoline sold by the company should be priced during three periods with exceptionally high gasoline prices: April 1, 2004, to September 1, 2004; March 1, 2005, to August 1, 2005; and March 1, 2006, to the present. These communications should include communications involving the board, the company CEO, and other top officials.
- (3) Internal company communications from January 1, 1995, to the present discussing, recommending, or otherwise relating to reductions or restrictions in refinery capacity, allocation of product among Petroleum Administration for Defense District (PADD) regions, and PADD region reserve levels. These communications should include communications involving the board, the company CEO, and other top officials.
- (4) Internal company communications from January 1, 1995, to the present discussing, recommending, or otherwise relating to the level of compensation paid to the company CEO, company board members, and other top officials. These communications should include any documents reviewed by the executive compensation committee of the board.

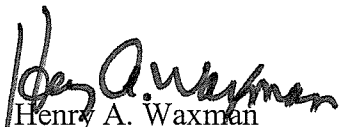
Evidence is mounting that the oil industry may be manipulating gasoline prices to boost company profits. During the September 7, 2005, hearing on Hurricane Katrina and its impact on the energy sector, Rep. Markey introduced a Chevron document from 1995 into the record. In this Chevron document, the author described how the refining industry would not be able to increase its profits unless it reduced its refining capacity. Specifically, the document states:

A senior energy analyst at the recent API convention warned that if the U.S. petroleum industry doesn't reduce its refining capacity, it will never see any substantial increase in refining margins, pointing out the recent volatility in refining margins over the past 12 months.

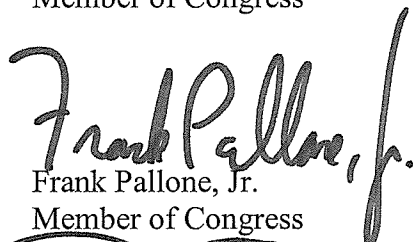
Similar documents from Texaco and Mobil have also come to light. Perhaps not coincidentally, numerous refineries have been closed since 1995 and refining margins or profits have dramatically increased.

Gasoline prices have doubled over the last five years, imposing difficult economic burdens on Americans across the nation. If the Committee is going to be serious about investigating this pressing matter, we must obtain the oil company documents described in this letter and question oil company executives in public hearings under oath.

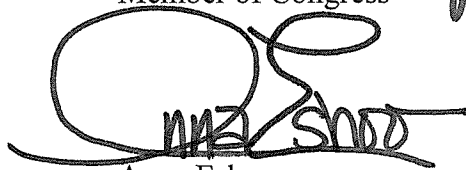
Sincerely,



Henry A. Waxman
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Edward J. Markey
Member of Congress


Frank Pallone, Jr.
Member of Congress


Sherrod Brown
Member of Congress



Anna Eshoo
Member of Congress

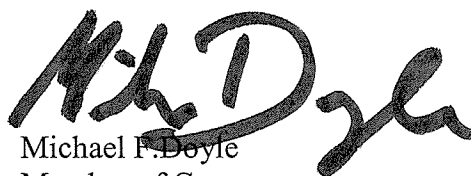

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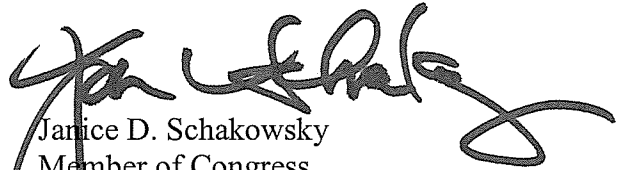
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